



Supplement to Striking Gold

**Employment Development Department (EDD)
2011 Updates**

**What You Need to Know
About Taxes and Your
Small Business**

STATE TAXES

Tax	Report to
On your income	The Franchise Tax Board
with	Form 540, <i>California Resident Income Tax Return</i> , or Form 540NR, <i>California Nonresident or Part-Year Resident Income Tax Return</i> Form 540 Schedule CA, <i>California Adjustments</i>
If you have employees	The Employment Development Department
with	Form DE 88, <i>Payroll Tax Deposit coupon</i> , Form DE 9, <i>Quarterly Contribution Return and Report of Wages</i> , and Form DE 9C, <i>Quarterly Contribution Return and Report of Wages (Continuation)</i>
If you sell merchandise	The State Board of Equalization
with	Form BOE-401-A, <i>State, Local, and District Sales and Use Tax Return</i> , or Form BOE-401-EZ, <i>Short Form - Sales and Use Tax Return</i>

The State Board of Equalization (BOE) also administers a number of excise, fuel, and environmental tax and fee programs. For information on these other programs, please contact the BOE at the toll-free number or Internet address listed on the back of this booklet.

State Employment Taxes

State law requires you to register with the Employment Development Department (EDD) within 15 days of paying wages over \$100 in a calendar quarter. When you register, you must provide EDD with your federal Employer Identification Number. (The IRS calls this your EIN; the EDD calls this your FEIN.) EDD will assign you a state employer account number which will be preprinted on all your EDD reports to identify your business to the state.

You must report and pay the following employment taxes to EDD:

- Unemployment Insurance
- Employment Training Tax
- State Disability Insurance (which includes Paid Family Leave)
- California Personal Income Tax

Unemployment Insurance (UI) contributions and Employment Training Tax (ETT) are paid by you. State Disability Insurance (SDI) (which includes Paid Family Leave) and California Personal Income Tax (CPIT) are withheld from your employees' wages.

You must complete and file a Form DE 9, *Quarterly Contribution Return and Report of Wages* and a Form DE 9C, *Quarterly Contribution Return and Report of Wages (Continuation)*, quarterly to report your employees' wages, personal income tax withheld, and to reconcile your account.

State employment taxes, like your personal income tax, are pay-as-you-go. State law requires you to pay Unemployment Insurance contributions and Employment Training Tax quarterly. You may need to pay the taxes you withheld from your employees' wages (State Disability Insurance and California Personal Income Tax) more often, generally on the same date your federal deposit is due.

It is important to properly classify people who work for you as employees or independent contractors. Factors to consider can be found in IRS Publication 15A, *Employers Supplemental Tax Guide*, and EDD DE 231, *Information Sheet: Employment*. Contact the Internal Revenue Service and the Employment Development Department if you have questions or need more information.

CALIFORNIA STATE EMPLOYMENT TAXES

	WHAT FORM DO I USE?	WHEN IS IT DUE?	WHERE DO I FILE?
Filing	DE 9 and DE 9C	April 1 July 1 October 1 January 1 of the following year*	Mail to the Employment Development Department P.O. Box 989071 West Sacramento, CA 95798-9071
Paying	Payment is submitted with Form DE 88, <i>Payroll Tax Deposit Coupon</i> , or use EFT	SDI and PIT deposit due dates are based on your federal deposit schedule requirement and the amount of PIT withheld (See <i>California Employer's Guide</i> , DE 44); UI and ETT payments are due by the end of the month of each calendar quarter.	Pay to the Employment Development Department P.O. Box 826276 Sacramento, CA 94230-6276
For fast, easy, and accurate filing, use our electronic filing options listed on page 10.			

***Note:** Forms are considered delinquent if not received within thirty (30) days of the due date. Refer to the current year, *California Employer's Guide*, DE 44 for additional information.

BOE

BOE offers efilings through BOE-file and Electronic Return Originators. Efilings are the fast, easy, and paperless way to file your sales and use tax return or prepayment. You can efile whenever it is most convenient for you, 24 hours a day—7 days a week. Several efile options are available to fit your needs including three convenient payment methods. Confirmation that your return was accepted by the BOE is immediate. Most sales and use tax accounts are eligible for efilings. For more information, visit the BOE's website at www.boe.ca.gov. Don't wait, start efilings today.

EDD

EDD'S Expanded e-Services for Business allows the employer to manage their account, register for an account number, file reports, and pay deposits or liabilities online. For additional information, go to <https://eddservices.edd.ca.gov>.

ELECTRONIC PAYMENT OPTIONS

Want to stop writing checks? Electronic Funds Transfer (EFT) provides you a more efficient way to pay taxes. It allows financial institutions to transfer money electronically from your bank account directly to your state or federal account. Visit the state agencies' websites for more information.

You can make your federal tax deposits and payments electronically using the Electronic Federal Tax Payment System (EFTPS). Some taxpayers are required to deposit using EFTPS.

Direct deposit of your state income tax refund is fast, safe, and convenient. You can request a direct deposit refund on your state tax return whether you efile or file a paper return. Please be sure to fill in the routing and account numbers carefully and double-check the numbers for accuracy to avoid it being rejected by your bank.

CREDIT CARD

Another method of paying your taxes is to charge your tax payments using a credit card. You may pay your taxes with Discover/NOVUS, MasterCard, American Express, or Visa. Taxpayers can make credit card payments whether they file electronically or file a paper return. Credit card payments can also be made over the telephone and by filing on line with the respective agency. Visit each agency's website for more details.

A convenience fee is charged when paying taxes by credit card. Visit each agency's website for further details.

- DE 231EC, *Elective Coverage for Employers and Self-Employed Individuals* - explains the options for coverage under Disability Insurance and Unemployment Insurance.
- DE 231EE, *Exempt Employment* - explains which types of employees or work are not subject to certain employment taxes.
- DE 231ES, *Employment Work Status Determination* - explains how to request a determination of employee or independent contractor status.
- DE 231G, *Construction Industry*.
- DE 231H, *Manufacturing Industry*.
- DE 231I, *Service Industries*.
- DE 231K, *Casual Labor*.
- DE 231N, *Salespersons*.
- DE 231PIT, *Personal Income Tax Wages Reported on the Quarterly Contribution Return and Report of Wages (Continuation)* (DE 9C).
- DE 231PS, *Personal Income Tax Withholding-Supplemental Wage Payments, Moving Expense Reimbursement-WARN Act Payments* - identifies whether moving expense reimbursements should be considered wages.
- DE 231Q, *Social Security/Medicare/SDI Taxes Paid by an Employer* - explains how to calculate gross wages without employee deductions, when the employer pays FICA and State Disability Insurance.
- DE 231SE, *Statutory Employees (Agent/Commission Drivers, Traveling/City Salespersons, Construction Workers, Homeworkers, Artists, and Authors)* - identifies who is an employee by state law.
- DE 231T, *Tips* - defines tips as wages, explains how to report tips, and who is responsible for reporting them.
- DE 231TA, *Employment Tax Audit Process*.
- DE 231Y, *Reporting New Employees and Independent Contractors* - defines “new hires” and explains an employer’s new hire reporting requirements.
- DE 231Z, *California System of Experience Rating* - explains how Unemployment Insurance rates are established and calculated.
- DE 573, *Avoid Unplanned Tax Liabilities* - describes some of the common pitfalls for new employers, and provides methods to avoid creating employment tax liabilities.
- DE 573/S, *Evite La Responsabilidad de Pagar Impuestos Que No Planeaba* (Spanish version of DE 573).
- DE 631TL, *State Tax Lien* - defines a lien, describes the effects of the lien, and lists what is required to obtain a release of lien.
- DE 3395, *Tax Rates, Wage Limits, and Value of Meals and Lodging* - provides rate, meal, and lodging information for the current year and the seven years prior.

STATE BOARD OF EQUALIZATION

Some of these publications are printed in other languages. Please see our website.

- No. 1, *Sales and Use Tax Law* - an extract of the Revenue and Taxation Code dealing with sales.
- No. 2, *CA Uniform Local Sales & Use Tax Law and Transactions & Use Tax Law* - an extract of the Revenue and Tax Code.
- No. 9, *Tax Tips for Construction and Building Contractors*.
- No. 12, *California Use Fuel Tax: A Guide for Vendors and Users*.

TELEPHONE NUMBERS AND INTERNET ADDRESSES

IRS - Internal Revenue Service (Federal taxes)
800-829-1040
800-829-4933 (Business & Specialty Tax)
www.irs.gov

FTB - Franchise Tax Board (State income tax)
800-852-5711
www.ftb.ca.gov

EDD - Employment Development Department
(State employment tax)
888-745-3886
www.edd.ca.gov

BOE - State Board of Equalization (California
Sales & Use Tax)
800-400-7115
www.boe.ca.gov

For additional information from our agencies,
visit the California Tax Service Center

www.taxes.ca.gov